



State Water Board Division of Financial Assistance Recycled Water Funding

Kern-Tulare Water District
Oil Field Water Reuse Project
September 20, 2018 – Item 7

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Agenda Item

Consideration of resolution approving

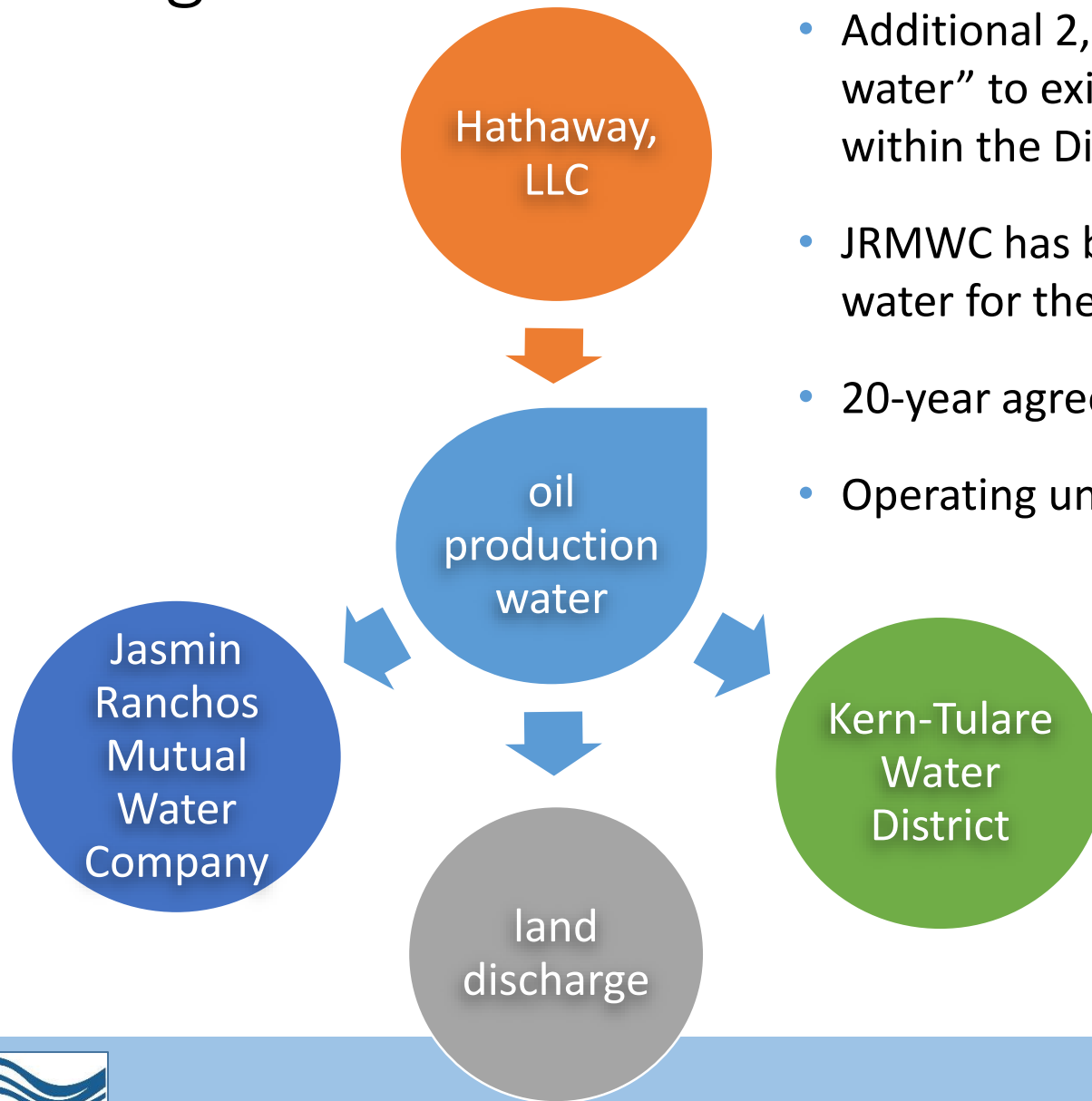
- Water Recycling Funding Program (WRFP) and
- Clean Water State Revolving Fund (CWSRF)

financing to

Kern-Tulare Water District (District)
Oil Field Water Reuse Project
Project No. 8097-110



Background

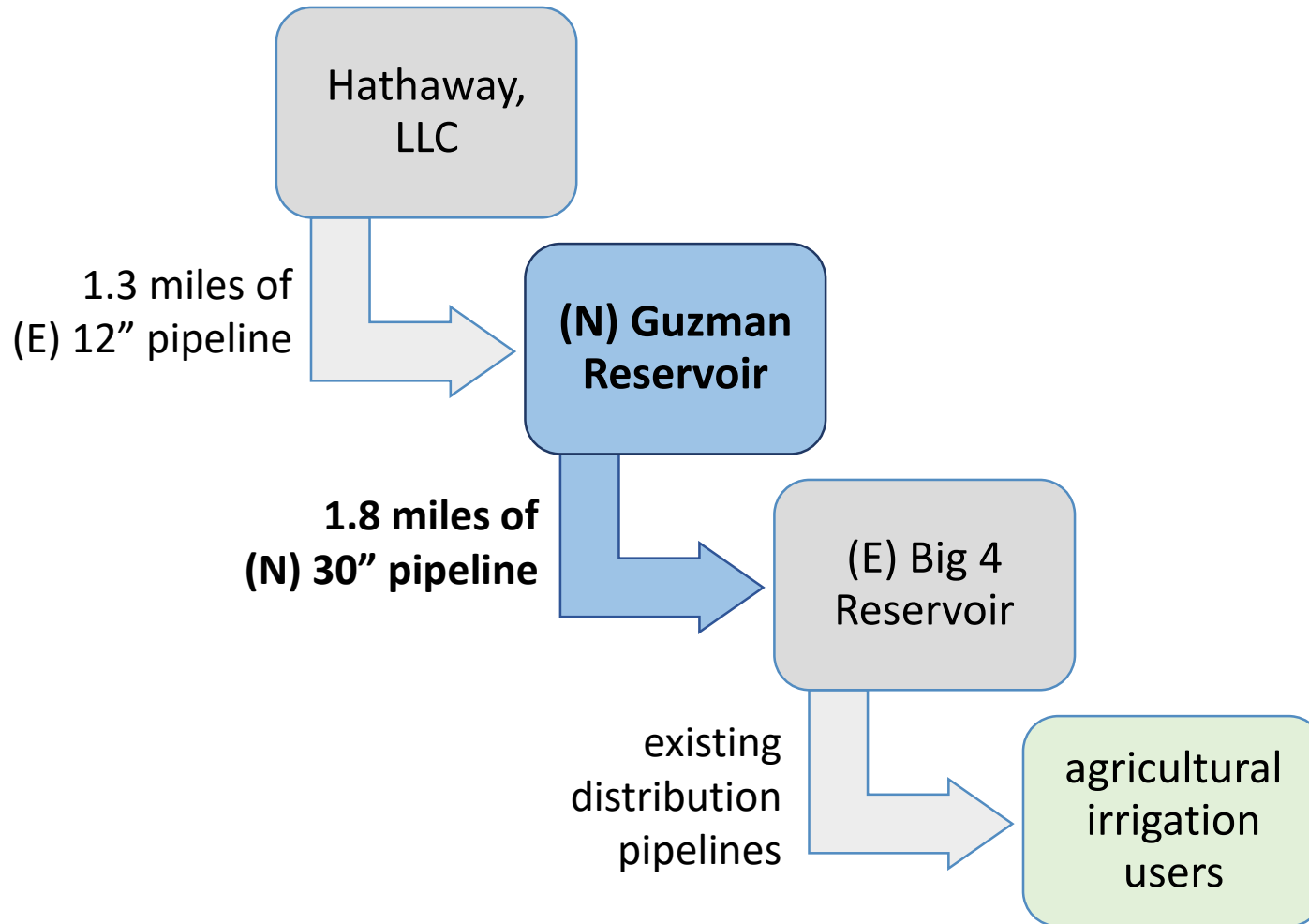


- Additional 2,640 AFY of “produced water” to existing irrigated agriculture within the District
- JRMWC has been receiving produced water for the past 30 years
- 20-year agreement between 3 parties
- Operating under WDR Order No. 98-205

Project Description

- The produced water from Hathaway, LLC will be transported through 1.3 miles of 12-inch pipeline to Guzman Reservoir. Recently built and funded by the District.
- From Guzman Reservoir, water will be transported through 1.8 miles of 30-inch pipeline to the District's existing Big 4 Reservoir from which it will be distributed to users for agriculture irrigation
- The District will use Division of Financial Assistance funds to construct the Guzman Reservoir and the 1.8 mile pipeline

Project Description



Analysis

- Both CWSRF and WRFP have funded numerous recycled water pipeline and recycled water storage projects.
- Oil production water treated and reused is currently permitted through the Central Valley Regional Water Quality Control Board (Central Valley RWQCB).
- The project will offset groundwater pumping and reduce reliance on the Sacramento-San Joaquin Delta.

Analysis

- The Central Valley RWQCB convened an expert panel in 2016 to provide input on human health and safety of crops irrigated with oil field produced water.
- Crop sampling is ongoing and will continue into the 2019 calendar year.

Recommendation

1. The State Water Resources Control Board (State Water Board) should approve funding with the estimated amount of **\$5,888,950** for the Project composed of a combination of the following:
 - CWSRF Loan
 - Proposition 1 Loan
 - CWSRF Principal Forgiveness (up to a max of \$2,500,000)

Recommendation

The State Water Board should approve the financing subject to following conditions:

2. Environmental conditions in the August 11, 2016 Mitigation, Monitoring, and Reporting Program report;
3. Standard credit conditions regarding the District's pledge, future debt coverage ratio, and reserve requirements;
4. Coordination with Central Valley RWQCB permitting process; and
5. District to extend agreement with Hathaway, LLC to receive treated oil production water for the length of the loan (20 years).

Questions?